



July 30, 2013

**Testimony in Support of the Healthy Michigan Plan
Senate Substitute (HB 4714)**

**John Popovich Jr., M.D.
President and CEO, Henry Ford Hospital,
Chief Medical Officer, Henry Ford Health System**

Good morning. My name is Dr. John Popovich. I am President and CEO of Henry Ford Hospital in Detroit. I also serve as Executive Vice President and Chief Medical Officer for Henry Ford Health System (HFHS). Part of my job is to oversee 1200 employed physicians in our Henry Ford Medical Group, one of the largest group practices in the country, as well as over 2000 private practice physicians practicing in the Henry Ford Health System and our Henry Ford Physician Network throughout Wayne, Oakland, Macomb and Washtenaw counties.

Henry Ford Health System supports the Healthy Michigan Plan. We urge adoption of the legislation as developed by the Senate Healthy Michigan Workgroup, Chaired by Senator Roger Kahn. The reforms in this legislation strengthen our state's Medicaid program, which is already recognized as one of the most efficient in the country, due to the managed care model that is also featured strongly in these Senate reforms. Other states are beginning to look to managed care for Medicaid -- Michigan already converted to managed care under Governor John Engler!

Passage of this critical legislation will improve the state's economy, improve the health of Michigan's workforce, and strengthen the health care system for all patients.

The Healthy Michigan Plan addresses a chronic flaw in health care by extending coverage through the Medicaid Program, with reasonable patient responsibility for personal health and financial contributions to cost. Uncompensated care has put a huge strain on employers and hospitals, which have seen these costs escalate year after year, partly due to the economy. In 2012, Henry Ford Health System provided over \$233 million in uncompensated care, up from \$211 million in 2011.

Medicaid Reform offers a responsible way to close the coverage gap, and provide better and more cost-efficient care in outpatient settings, rather than through hospital emergency rooms.

Business groups support Medicaid Reform because it means jobs and a reduction in the burden employers bear for uncompensated care.

The national Institutes of Medicine (IOM) estimates that access to medical coverage reduces adult mortality by 25%.

The Healthy Michigan Plan also lowers Medicare costs -- research shows significant savings when people have access to care through insurance coverage prior to enrolling in Medicare.

We are pleased to join hospitals, doctors, patients and major business groups in support of the Healthy Michigan Plan, including the Michigan Chamber of Commerce, the Detroit Regional Chamber, and the Small Business Association of Michigan. The Detroit News and Detroit Free Press have also issued editorials endorsing the Healthy Michigan Plan and urging adoption.

The Healthy Michigan Plan is good for our state's economy. Michigan will benefit from an influx of approximately \$2 billion per year in federal funding, or more than \$30 billion over 10 years. These dollars are needed to support jobs, health care services, and better health for our citizens and workforce. We strongly support Governor Snyder's plan to retain the approximate \$225 million per year savings to cover Michigan's Medicaid costs for the expansion population through 2034, consistent with intent in this bill.

We also have a personal interest in passage of this legislation. Overall, hospitals nationally will contribute \$180 billion in Medicare cuts over 10 years to help fund coverage expansion through Medicaid and the Exchanges. These dollars come back to Michigan, but only if the state expands Medicaid. Without your approval of the Healthy Michigan Plan, Henry Ford will be burdened with more than \$15.5 million per year in Medicare cuts beginning in 2013, with no relief from uncompensated care burdens.

Healthcare is already Michigan's single largest source of jobs and a magnet for the highly educated, talented workforce Michigan needs to do well in the economy of the future, including the growing technology and life sciences industry. The healthcare workforce directly contributes to local economies in every community throughout the state in the form of state and local taxes and economic activity (food, rent, entertainment). Your vote for the Healthy Michigan Plan is the single most important thing you can do for this part of our state's growing economy.

Henry Ford Health System employs over 24,000 Michigan citizens, making us the 6th-largest employer in the state, and we indirectly support an additional 13,500 more Michigan jobs through our purchasing and vendors. We generate nearly \$6 billion of annual economic activity for the state and have been a leading force in the economic development of Southeastern Michigan. In 2012, HFHS treated over 667,000 unique patients, including at least 100 patients from each of the 38 senate districts in Michigan, making Henry Ford a true state-wide asset when patients need specialty care they can't find locally.

The Healthy Michigan Plan, with its reforms to Michigan's Medicaid program that emphasize patient responsibility and wellness, will be good for patients, good for businesses and good for Michigan's economy. I hope we have your support for this important legislation.

Thank you for your time, and I am happy to answer any questions you might have.

Sincerely,

John Popovich, Jr. M.D.